

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

DOCKET NO. 2001-569

NOVEMBER 21, 2001

ARC NETWORKS, INC. d/b/a INFO HIGHWAY
Petition for Finding of Public Convenience And
Necessity to Provide Facilities-Based and Resold
Local Exchange Services and Resold
Interexchange Services

ORDER GRANTING AUTHORITY TO
PROVIDE FACILITIES-BASED AND
RESOLD LOCAL EXCHANGE
SERVICE AND RESOLD INTER-
EXCHANGE SERVICE AND
APPROVING SCHEDULE OF
RATES AND TERMS AND
CONDITIONS

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

In this Order, the Commission grants ARC Networks, Inc.. (ARC or Company) the authority to provide UNE -P, facilities-based competitive local exchange service and resold local exchange and interexchange service in the service area of Verizon Maine, and approves the Company's Terms and Conditions and Rate Schedules. We also exempt ARC from the requirements of Chapter 210, *Uniform System of Accounts*, and of 35-A M.R.S.A. §§ 707 and 708, subject to the conditions described below.

I. APPROVAL OF APPLICATION TO SERVE

On August 16, 2001, pursuant to 35-A M.R.S.A. §§ 2102 and 2105, ARC filed a petition with the Commission requesting authority to provide facilities-based and resold local exchange telephone service and resold interexchange service in Maine.

Before we grant approval under section 2102 for another public utility to provide service, 35-A M.R.S.A. § 2105 requires us to find that the public convenience and necessity require another utility to provide service in a location where a utility is already authorized to provide, or is providing, the same or similar service.

47 U.S.C. § 253(a), enacted by the Telecommunications Act of 1996, states:

(a) In General. No State or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunication service.

47 U.S.C. § 253(b) states, however:

(b) State Regulatory Authority. Nothing in this section shall affect the ability of a State to impose, on a competitively neutral basis and consistent with section 254, requirements necessary to preserve and advance universal service, protect

the public safety and welfare, ensure the continued quality of telecommunications services, and safeguard the rights of consumers.

We find that granting ARC the authority to provide local exchange service will not impede the preservation or advancement of the public interest goals or policies stated in section 253(b).

ARC's application provides reasonable information indicating that its financial and management capabilities are adequate to provide local and interexchange service in Maine

II. SERVICE TERRITORY

A. Interexchange Service Authority

ARC has requested authority to provide interexchange service as a reseller throughout the state. We grant that authority.

B. Local

ARC has requested authority to provide facilities-based local exchange service throughout Maine. Specifically, ARC states that it is a UNE-P (unbundled network element platform) provider of local service. As a UNE-P provider, ARC relies upon Verizon's number pool and not its own. Accordingly, ARC will have no need to request numbering resources from the North American Numbering Plan Administrator (NANPA). If ARC's business plans change and it wishes to amend its authority to include services requiring ARC's own numbering resources, it must seek approval pursuant to 35-A M.R.S.A. § 2102, requesting the Commission to amend this Order. Any such request must specify the exchanges where it proposes to offer service and include information establishing a readiness to provide facilities-based local exchange service within six months in the specifically identified areas.

III. APPROVAL OF TERMS AND CONDITIONS AND RATE SCHEDULES

We have reviewed the Company's terms, conditions and rate schedules, and they appear to comply with Maine law and the Commission's Rules. Nevertheless, if there is any conflict between a provision in ARC's terms and conditions and the Commission's Rules or a statute, the rule or statute will control.

In general, the Commission believes that a competitive telecommunications market results in services and rates that benefit the public. We believe that the acceptability of ARC's services and rates in the market place provides an adequate test of the reasonableness of the Company's rates. Accordingly, we allow the rates proposed by ARC to go into effect.

IV. INTERCONNECTION AGREEMENT(S)

In order to provide local exchange service, a competitive CLEC must, as a practical matter, obtain an interconnection agreement with the ILEC(s) providing service in any area where it intends to provide service. In the absence of such an agreement, it will not be possible for ARC's customers to call customers of the ILEC(s), and vice versa. Interconnection agreements are governed by 47 U.S.C. § 252, and must be approved by this Commission.

If a CLEC makes a bona fide request for an interconnection agreement with an ILEC that is a "rural telephone company" as defined in 47 U.S.C. § 153(37), the "rural exemption" of 47 U.S.C. § 251(f) will apply. All of Maine's independent incumbent local exchange carriers are "rural telephone companies." A rural telephone company is not required to negotiate an interconnection agreement or provide interconnection until after the Commission, pursuant to 47 U.S.C. § 251(f)(1)(B), finds that the requirement "is not unduly economically burdensome, is technically feasible, and is consistent with [the universal service provisions of] section 254"

If ARC executes an interconnect agreement with one or more ILECs, it shall obtain approval of that agreement by this Commission.

V PAYMENT OF ACCESS CHARGES

Our approval of ARC's application to provide interexchange service in Maine is conditioned on the payment of access charges to local exchange carriers (LECs) who have on file with the Commission approved access charge rate schedules. ARC states that at present it will be offering service as a switchless reseller. Switchless resellers do not pay access charges to local exchange carriers. Instead, access charges are paid by an underlying facilities-based interexchange carrier. As a condition of granting authority to a switchless reseller to provide intrastate service in Maine, ARC's underlying facilities-based carrier must also have authority to provide intrastate service in Maine. ARC has stated that Global Crossing will be the underlying carrier from which it purchases interexchange services that it resells. Global Crossing is authorized by the Commission to provide intrastate interexchange service and does pay access charges for the intrastate interexchange services it sells to switchless resellers providing interexchange service in Maine. If ARC begins to use another authorized underlying carrier, it shall notify the Commission as required by the ordering paragraphs.

VI WAIVERS; REPORTING REQUIREMENTS

As a condition of providing local exchange service, ARC must comply with the terms of any applicable Commission orders or rules that may govern local interconnection and compensation for interconnection. ARC shall also comply with any applicable Commission Rules or orders that govern universal service, public safety and welfare, service quality and consumer rights.

The Commission grants ARC a waiver from the requirements of Chapter 210 of the Commission's Rules, which governs telephone utility accounting, and from 35-A M.R.S.A. §§ 707 and 708, which govern reorganizations and affiliated interests. Because ARC's rates and operations are likely to be subject to market forces, we do not see any present need to subject the Company to those requirements. However, ARC must report its annual intrastate gross operating revenues and its annual intrastate minutes of use for the purpose of determining its regulatory assessment.¹ If ARC resells service to other telephone service providers, the Company must maintain its records so that it may separately identify those sales.

In addition, ARC shall inform the Commission of any changes to its corporate structure and ownership and of any changes in the name under which it does business, as set forth in Ordering Paragraph No. 3. If necessary, it shall also refile its rate schedules and terms and conditions to reflect its new identity.

VII. OTHER REQUIREMENTS

ARC shall comply with all applicable rules of the Commission and statutes of the State of Maine.

VIII. ORDERING PARAGRAPHS

Accordingly, we

1. Grant, pursuant to 35-A M.R.S.A. §§ 2102 and 2105, the request of ARC to provide UNE-P facilities-based and resold local exchange telephone service in the State of Maine as described above, as well as resold interexchange service;
2. Exempt ARC from the requirements of Chapter 210 of the Commission's Rules, except that it must report the revenue and minutes of use information that is requested by the Commission, on or before April 1 of each year; and
3. Exempt ARC from the approval requirements of 35-A M.R.S.A. §§ 707 and 708, provided that ARC shall notify the Commission of any reorganization, as defined in 35-A M.R.S.A. § 707(1)(A), that results in a merger, sale or transfer of a controlling interest of ARC or of any entity that owns more than 50% of ARC. ARC shall also provide notice of any other changes in the name under which it does business (d/b/a), any change of the location of its business office, and any change of its contact person. ARC shall provide the Administrative Director of the Commission with notice of any of the changes described within 30 days following the change. If

¹The Commission mails the annual reporting forms to carriers in January of each year. The completed forms are due by April 1 of each year.

necessary, ARC shall amend its rate schedules and terms and conditions to reflect any change in identity.

4. Order that ARC's proposed terms and conditions and rate schedules, pages 1-82, Originals, attached to this Order, shall be effective on the date of this Order.

5. Order that ARC shall comply with all applicable rules of the Commission.

Dated at Augusta, Maine this 21th day of November 2001.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch

Nugent
Diamond

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320 (1)-(4) and the Maine Rules of Civil Procedure, Rule 73 et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320 (5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.